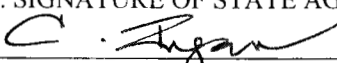



<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 04-007	2. STATE New Mexico
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42CFR Subpart F, 42CFR 447.302		7. FEDERAL BUDGET IMPACT: a. FFY 04 (reduction) (\$ 49,000) b. FFY 05 (reduction) (\$ 200,750)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B pages 8, 9, 9A, 9B, 9C, 9D, 23		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B pages 8, 9, 9A, 9B, 9C, 9D, 23	
10. SUBJECT OF AMENDMENT: METHODS AND Standards of Establishing Payment Rates- Other Types of Care (sections related to hospice, case management and psychosocial rehabilitation.)			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Carolyn Ingram, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504	
13. TYPED NAME: Carolyn Ingram			
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: June 28, 2004			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 2 JULY 2004		18. DATE APPROVED: 23 SEPTEMBER 2004	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 JULY 2004		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: ANDREW A. FREDRICKSON		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID & CHILDREN'S HEALTH	
23. REMARKS:			
<p><i>New Mexico (04-007)</i></p> <p><i>Approved: 09/23/04</i></p> <p><i>Effective: 07/01/04</i></p>			

- IX. Payment for hospice service is made according to the reimbursement rate schedule and local adjustment methodology as outlined in the State Medicaid Manual, Hospice services, Section 4306 – 4308, less 1.5 percent.

Payment to a hospice for inpatient care has the following limitation: The aggregate number of inpatient days (both for general inpatient care and inpatient respite care) may not exceed 20 percent of the aggregate total number of days of hospice care provided to all Medicaid recipients during the same period.

The benefit does not exercise an option to cap overall reimbursement made to a hospice during the cap period. When hospice care is furnished to an individual residing in a nursing facility, the hospice is paid an additional amount on routine home care and continuous home care days furnished by the facility. The additional amount paid to the hospice on behalf of an individual residing in a nursing facility equals at least 95 percent of the per diem rate that would have been paid to the nursing facility for that individual in that facility under this State Plan. For dually eligible recipients residing in a Medicaid-reimbursed long term care facility and electing Medicare hospice, Medicaid will reimburse the hospice for drug and respite care co-payments as well as room and board services.

Payment to a hospice for physician services is made in accordance with the usual Medicaid reimbursement policy for physician services as the usual Medicaid reimbursement policy for physician services as outlined in Section I of this attachment. Physician services include direct care services furnished to individual hospice patients by hospice employees and physician services furnished under arrangements made by the hospice unless the patient care services were furnished on a volunteer basis.

Payment for services related to the terminal illness or related conditions and unique to Title XIX will be made according to the reimbursement policies set forth in the New Mexico Medicaid Program manual.

SUPERSEDES: TN- 91-10

STATE <u>New Mexico</u>	A
DATE REC'D <u>7-2-04</u>	
DATE APP'D <u>9-23-04</u>	
DATE EFF <u>7-1-04</u>	
HCFA 179 <u>04-07</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE: NEW MEXICO

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER  
TYPES OF CARE

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- Item X. a. Payment of Targeted Case Management Services for individuals who are chronically mentally ill.

Development of Fee Schedule:

To establish a fee schedule amount, the Department initially used cost studies developed by a consulting firm to determine the average actual costs to providers to perform case management services. Allowable costs included salaries plus fringe benefits, costs for supervision, costs for direct operating expenses, facility related costs, and staff costs for indirect administration. To assure salaries were reasonable, allowed costs for salaries for case managers were based on that of a state social worker adjusted for two years tenure at 4% per year and caseloads were based on a 1:30 staff/consumer ratio.

Using these factors, an amount was determined that was further evaluated for reasonableness considering prevailing charges and the existing fee schedule for services similar to case management responsibilities with regards to complexity, time, and level of responsibility. Specifically, the Department (1) examined rates being charged by providers who were already rendering services to other agencies and payers; and, (2) evaluated the reasonableness of the rates by comparing the complexity of the task and the necessary training and experience of staff who carry out the task with payment levels for comparable tasks. The reasonableness of the fee was also verified by comparing the fee to the case management fees paid by several other states' Medicaid programs for similar services.

Reimbursement for case management services is consistent with the requirements of Section 1902(a)(30) of the Act and 42 CFR 447.200 which stipulate that payments for services must be consistent with efficiency, economy, and quality of care. It was also determined the rates are in conformance with OMB Circular A-87.

Case Management is reimbursed according to a fee schedule. The level of the fee is evaluated annually. In all cases, there is no differentiation between public and private providers with regards to reimbursement for the same service. The fees are available in a published fee schedule.

SUPERSEDES: TN- 92-22

STATE	<u>New Mexico</u>	A
DATE REC'D	<u>7-2-04</u>	
DATE APP'D	<u>9-23-04</u>	
DATE EFF	<u>7-1-04</u>	
HCFA 179	<u>04-07</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE: NEW MEXICO

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER  
TYPES OF CARE

- Item X. b. Payment of Targeted Case Management Services for adults who are developmentally disabled.

Development of Fee Schedule:

To establish a fee schedule amount, the Department initially used cost studies developed by a consulting firm to determine the average actual costs to providers to perform case management services. Allowable costs included salaries plus fringe benefits, costs for supervision, costs for direct operating expenses, facility related costs, and staff costs for indirect administration. To assure salaries were reasonable, allowed costs for salaries for case managers were based on that of a state social worker adjusted for two years tenure at 4% per year and caseloads were based on a 1:30 staff/consumer ratio.

Using these factors, an amount was determined that was further evaluated for reasonableness considering prevailing charges and the existing fee schedule for services similar to case management responsibilities with regards to complexity, time, and level of responsibility. Specifically, the Department (1) examined rates being charged by providers who were already rendering services to other agencies and payers; and, (2) evaluated the reasonableness of the rates by comparing the complexity of the task and the necessary training and experience of staff who carry out the task with payment levels for comparable tasks. The reasonableness of the fee was also verified by comparing the fee to the case management fees paid by several other states' Medicaid programs for similar services.

Reimbursement for case management services is consistent with the requirements of Section 1902(a)(30) of the Act and 42 CFR 447.200 which stipulate that payments for services must be consistent with efficiency, economy, and quality of care. It was also determined that the rates are in conformance with OMB Circular A-87.

Case Management is reimbursed according to a fee schedule. The level of the fee is evaluated annually. In all cases, there is no differentiation between public and private providers with regards to reimbursement for the same service. The fees are available in a published fee schedule.

SUPERSEDES: TN 92-22

STATE	<u>New Mexico</u>	A
DATE RECD	<u>7-2-04</u>	
DATE APP'D	<u>9-23-04</u>	
DATE EFF	<u>7-1-04</u>	
HCFA 179	<u>04-07</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE: NEW MEXICO

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER  
TYPES OF CARE

- Item X. c. Payment of Targeted Case Management Services for pregnant women and their infants for up to 60 days after their birth.

Development of Fee Schedule:

To establish a fee schedule amount, the Department initially used cost studies developed by a consulting firm to determine the average actual costs to providers to perform case management services. Allowable costs included salaries plus fringe benefits, costs for supervision, costs for direct operating expenses, facility related costs, and staff costs for indirect administration. To assure salaries were reasonable, allowed costs for salaries for case managers were based on that of a state social worker adjusted for two years tenure at 4% per year and caseloads were based on a 1:30 staff/consumer ratio.

Using these factors, an amount was determined that was further evaluated for reasonableness considering prevailing charges and the existing fee schedule for services similar to case management responsibilities with regards to complexity, time, and level of responsibility. Specifically, the Department (1) examined rates being charged by providers who were already rendering services to other agencies and payers; and, (2) evaluated the reasonableness of the rates by comparing the complexity of the task and the necessary training and experience of staff who carry out the task with payment levels for comparable tasks. The reasonableness of the fee was also verified by comparing the fee to the case management fees paid by several other states' Medicaid programs for similar services.

Reimbursement for case management services is consistent with the requirements of Section 1902(a)(30) of the Act and 42 CFR 447.200 which stipulate that payments for services must be consistent with efficiency, economy, and quality of care. It was also determined the rates are in conformance with OMB Circular A-87.

Case Management is reimbursed according to a fee schedule. The level of the fee is evaluated annually. In all cases, there is no differentiation between public and private providers with regards to reimbursement for the same service. The fees are available in a published fee schedule.

SUPERSEDES: IN- 92-22

STATE	<u>New Mexico</u>
DATE REC'D	<u>7-2-04</u>
DATE APP'D	<u>9-23-04</u>
DATE EFF	<u>7-1-04</u>
HCFA 179	<u>04-07</u>

A

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE: NEW MEXICO

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER  
TYPES OF CARE

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- Item X. d. Payment of Targeted Case Management Services for children up to age three.

Development of Fee Schedule:

To establish a fee schedule amount, the Department initially used cost studies developed by a consulting firm to determine the average actual costs to providers to perform case management services. Allowable costs included salaries plus fringe benefits, costs for supervision, costs for direct operating expenses, facility related costs, and staff costs for indirect administration. To assure salaries were reasonable, allowed costs for salaries for case managers were based on that of a state social worker adjusted for two years tenure at 4% per year and caseloads were based on a 1:30 staff/consumer ratio.

Using these factors, an amount was determined that was further evaluated for reasonableness considering prevailing charges and the existing fee schedule for services similar to case management responsibilities with regards to complexity, time, and level of responsibility. Specifically, the Department (1) examined rates being charged by providers who were already rendering services to other agencies and payers; and, (2) evaluated the reasonableness of the rates by comparing the complexity of the task and the necessary training and experience of staff who carry out the task with payment levels for comparable tasks. The reasonableness of the fee was also verified by comparing the fee to the case management fees paid by several other states' Medicaid programs for similar services.

Reimbursement for case management services is consistent with the requirements of Section 1902(a)(30) of the Act and 42 CFR 447.200 which stipulate that payments for services must be consistent with efficiency, economy, and quality of care. It was also determined the rates are in conformance with OMB Circular A-87.

Case Management is reimbursed according to a fee schedule. The level of the fee is evaluated annually. In all cases, there is no differentiation between public and private providers with regards to reimbursement for the same service. The fees are available in a published fee schedule.

SUPERSEDES: TN- 92-22

STATE <u>New Mexico</u>	A
DATE REC'D <u>7-2-04</u>	
DATE APP'D <u>9-23-04</u>	
DATE EFF <u>7-1-04</u>	
HCFA 179 <u>04-07</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE: NEW MEXICO

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER  
TYPES OF CARE

- Item X. e. Payment of Targeted Case Management Services for individuals who are traumatically brain injured.

Development of Fee Schedule:

To establish a fee schedule amount, the Department considered prevailing charges and the existing fee schedule for services similar to case management responsibilities with regards to complexity, time, and level of responsibility. Specifically, the Department (1) examined rates being charged by providers who were already rendering services to other agencies and payers; (2) evaluated the reasonableness of the rates by comparing the complexity of the task and the necessary training and experience of staff who carry out the task with payment levels for comparable tasks; and (3) examined cost data from providers to substantiate their cost to provide the service. Cost considerations included salaries plus fringe benefits, costs for supervision, costs for direct operating expenses, facility related costs, and staff costs for indirect administration.

Cost data was used to assure the reasonableness of the fee schedule rate only; a provider is not reimbursed on the basis of cost. The reasonableness of the fee was also verified by comparing the fee to the case management fees paid by several other states' Medicaid programs for similar services.

Reimbursement for case management services is consistent with the requirements of Section 1902(a)(30) of the Act and 42 CFR 447.200 which stipulate that payments for services must be consistent with efficiency, economy, and quality of care. It was also determined the rates are in conformance with OMB Circular A-87.

Case Management is reimbursed according to a fee schedule. The level of the fee is evaluated annually. In all cases, there is no differentiation between public and private providers with regards to reimbursement for the same service. The fees are available in a published fee schedule.

SUPERSEDES: IN- 93-18

STATE	<u>New Mexico</u>	A
DATE REC'D	<u>7-2-04</u>	
DATE AMEND	<u>9-23-04</u>	
DATE EFF	<u>7-1-04</u>	
HCFA 179	<u>04-07</u>	

percentage of total costs. Consultation service costs that are not billed directly to the provider, but rather to the State are not included.

(5) Non-personnel operating costs include expenses incurred for program related supplies, transportation, and training. These were derived using a percentage of total cost.

(6) General administration costs include salaries, wages and benefits for central office personnel and other non-personnel costs. Also included are medical records, quality assurance and utilization review personnel costs. These are set at 10% of total costs.

8. Special Rehabilitation Services

Development of Fee Schedule:

To establish a fee schedule amount, the Department uses cost studies developed by a consulting firm to determine the average actual costs to providers to perform special rehabilitation services. Allowable costs included salaries plus fringe benefits, costs for supervision, costs for direct operating expenses, facility related costs, and staff costs for indirect administration.

Using these factors, an amount was determined that was further evaluated for reasonableness considering prevailing charges and the existing fee schedule for services similar to special rehabilitation services with regards to complexity, time, and level of responsibility. Specifically, the Department (1) examines rates being charged by providers who are already rendering services to other agencies and payers; and, (2) evaluates the reasonableness of the rates by comparing the complexity of the task and the necessary training and experience of staff who carry out the task with payment levels for comparable tasks. The reasonableness of the fee is also verified by comparing the fees to those paid by several other state Medicaid programs for similar services.

Reimbursement for special rehabilitation services is consistent with the requirements of Section 1902(a)(30) of the Act and 42 CFR 447.200 which stipulate that payments for services must be consistent with efficiency, economy, and quality of care. It was also determined the rates are in conformance with OMB Circular A-87.

The fee schedule rate is re-evaluated every two years. In all cases, when making changes to the fee schedule, there is no differentiation between public and private providers with regards to reimbursement for the same service. The fees are available in a published fee schedule.

SUPERSEDED: TN- 93-27

STATE <u>New Mexico</u>	A
DATE RECD <u>7-2-09</u>	
DATE APP'D <u>9-23-04</u>	
DATE EFF <u>7-1-04</u>	
HCFA 179 <u>04-07</u>	